



**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY**

**33 N Dearborn St, Suite 1000
Chicago, Illinois 60602**

Minutes for the October 22, 2015 Meeting

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

Call to Order and Roll Call at 9:30 a.m.

Investment Committee

in attendance:

Mr. Patrick McFadden (Chairman), Mr. John Fitzgerald, Ms. Diahann Goode, Ms. Alexis Herrera, Mr. Brent Lewandowski, Mr. Patrick Nester, Mr. Samuel Richardson Jr. and Mr. Lawrence Wilson.

Staff Present:

N. Hackett, M. Maratea, F. Vinzons, K. Quaye and M. Fahrenbach.

Others Present:

Ron Peyton, John Jackson – Callan; Tony Johnson, Christian Eicher – RVKuhns; Kristin Finney-Cooke, Kevin Leonard – NEPC; Andrew Junkin, Felicia Bennett – Wilshire.

1. Approval of May 28, 2015 Investment Committee Meeting Minutes;

Motion for Approval and Adoption of Minutes. It was moved by Trustee Goode and seconded by Trustee Fitzgerald that the minutes of the May 28, 2015 Investment Committee meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Administrative Updates;

Mr. Vinzons updated the Investment Committee on several manager and legislative updates.

- a) Trustee Education
 - Most trustees have fulfilled their annual eight (8) hour state-mandated education. Fund Staff will continue to watch for upcoming educational events that meet the requirement.
- b) Farmland Update
 - At the May 28, 2015 Investment Committee meeting, the committee affirmed the recommendation from Callan instructing the General Partners of Cozad to conduct a

marketing process and sell the assets. Callan recently spoke with the General Partners of Cozad to determine the status of the initial marketing process via a bidding round. According to the Cozad, five bids were received. Then the General Partners approached the highest bidder to examine the possibility of increasing their bid to get closer to Cozad's carrying value. The highest bidder declined and withdrew their bid. The General Partners then decided to approach the current lessees to gauge interest in buying their respective properties. To date, there is interest among several of the lessees and the process remains ongoing.

c) J.P. Morgan Real Estate Capital Call

- On October 8, 2015, the Fund received formal notice from J.P. Morgan Asset Management that they plan to call the \$127 million additional capital that was approved by the Board at the November 6, 2014 Board meeting for both the Cook and Forest Preserve Funds.

3. Investment Consultant Search Finalist Presentations;

The following representatives of RVKuhns presented their Investment Consultant qualifications and capabilities to the Investment Committee: Tony Johnson, Senior Consultant and Managing Director, and Christian Eicher, Consultant.

From Wilshire, the following representatives presented their Investment Consultant qualifications and capabilities to the Investment Committee: Andrew Junkin, President, and Felicia Bennett, Managing Director.

From NEPC, LLC, the following representatives presented their Investment Consultant qualifications and capabilities to the Investment Committee: Kevin Leonard, Partner, and Kristin R. Finney-Cooke, Senior Consultant.

From Callan Associates Inc., the following representatives presented their Investment Consultant qualifications and capabilities to the Investment Committee: Ronald Peyton, Chairman and CEO, and Michael Joecken, Senior Vice President.

After the presentations, Ms. Hackett reported on the due diligence conducted with each of the above firms including one-on-one meetings held with Fund Staff. The Investment Committee 1) further discussed the capacity of the service teams and the service requirements to address funding challenges and expected funding proposals to be evaluated and 2) inquired about references from clients with funding challenges regarding the capabilities of the staff and organizations.

4. Actuarially Determined Contribution Communication;

Trustee Wilson stated that before the Board considered the next item on the agenda, he wanted to report that the Bureau of Finance held budget hearings earlier in the week and that some County commissioners were looking for a response from the Pension Fund to the proposed Intergovernmental Agreement ("IGA") regarding how the revenue from the sales tax would be transferred to the Fund. Trustee Fitzgerald commented that the Pension Fund did not say 'no' to the IGA, but would accept revenue from the sales tax proceeds without strings attached. Trustee Wilson commented that it appeared that the IGA was now being negotiated in public.

Chairman McFadden stated that the IGA matter was not before the Investment Committee and that the committee was to discuss the Actuarial Required Contribution Communication ("Actuarial Letter"). The Executive Director stated that the Fund had prepared its response to the revisions that

the County had made to the IGA with Fund counsel, which had been shared with counsel for the County, but that the matter had not moved forward because of the consideration of alternative strategies. Chairman McFadden added that the Board should be proactive and should prepare the Actuarial Letter and continue with negotiating the IGA

Trustee Lewandowski reminded the Board that it needs to put its 'best foot forward' and that all should be 'on the same team'. He stated that everything about the Actuarial Letter and communications strategy should be held in abeyance until the IGA negotiations are concluded. Trustee Wilson added that the Board has been in agreement that actuarially based funding is needed.

The Executive Director stated that the IGA negotiations have not been concluded because there are still differences between the Fund and the County, which had been summarized by the Fund in preparing to conclude the negotiations

Trustee Herrera stated that Fund counsel, Mary Pat Burns, had cautioned against negotiating the IGA in public. Trustee Herrera added that she and Ms. Burns were scheduled to meet with Commissioner Gainer on October 23, 2015, to discuss the pending IGA negotiations, if there were no objections from the Board that they do so. At that point, Ms. Herrera left the meeting.

The trustees discussed the video of the presentation before the County Finance Committee regarding the budget and the IGA. Trustee Wilson stated that some commissioners were asking him about the Pension Fund's position. It appeared from the comments made during the presentation that the County wanted specific questions answered by the Fund and that some commissioners believed the Pension Fund was not interested in the additional funding. Chairman McFadden suggested that Trustee Wilson respond that the negotiations are between the parties' respective counsel. Trustee Nester noted that the County's administration stated that the Fund had not responded to the County about the IGA and asked whether the Fund needed an IGA to accept the additional funding.

Chairman McFadden stated that the Fund's response to the IGA should be delivered by October 23, 2015. He stated that the Board would defer to Fund counsel's discretion about whether a copy of the response would be delivered to the trustees in advance. Chairman McFadden further stated that a draft of an Actuarial Letter should also be prepared for consideration. Trustee Lewandowski concurred.

Trustee Wilson noted that Commissioner Gainer was preparing a letter for the Board inquiring about its position on the IGA and that the Pension Fund may need to appear at hearings before the County Pension Committee.

5. Adjournment.

It was moved by Trustee Richardson and seconded by Trustee Nester that the meeting be adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE